The Manitoba framwork for
fairness: Manitoba's response
to child and elderly benefits

THE MANITOBA FRAMEWORK FOR FAIRNESS

Manitoba's Response to

CHILD AND ELDERLY BENEFITS

CONSULTATION PAPER

Canada, January, 1985

and

THE PARLIAMENTARY COMMITTEE REPORT

MANITOBA

APRIL, 1985

Honourable Muriel Smith
Deputy Premier and
Minister of Community Services

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I. INTRODUCTION

The Government of Manitoba welcomes the opportunity to participate with the Government of Canada in its review of benefits to families with children and the elderly. Our Government commends the Government of Canada for its willingness to begin a review of our current system of taxation and transfer benefits and offers this paper in a spirit of cooperation and spending consultation.

There are pressing reasons to assess the fairness and adequacy of these benefits at this time. The effects of the recent recession have been especially harsh on the poor and the near poor. Since April, 1981, the number of Canadians who do not have jobs has increased by 68% or by almost 570,000 people. 75% of the over 1 million families affected by unemployment are supporting children. The official unemployment statistics mask the fact that the employment generated since the recession has largely consisted of part-time jobs. The human costs, lost livelihoods, humiliation, and often desperation are relected in the swelling demands made on welfare agencies during the last few years.

In contrast, during the recession those with the highest incomes in Canada became relatively better off. According to Statistics Canada, about 60% of all new national income generated between 1981 and 1983 accrued to the 20% of Canadians with the highest incomes. Ironically, the high interest rate policies which drove ordinary Canadians out of work and often into poverty, proved to be of considerable benefit to many upper income, wealthier Canadians. Clearly, this is not a time to reduce the income and service support programs for poor and moderate income Canadian families.

At least some of the growing inequities in the distribution of burdens and benefits during these last difficult years are the result of decisions of previous governments which have reduced the taxation of Canadians with higher incomes by introducing numerous tax shelters, incentives, and write-offs. (Appendix A lists some of the income tax measures which have been introduced since 1972.) Unfortunately, a national commitment to address the issue of comprehensive reform of Canada's taxation structure has not been forthcoming.

The obvious inequities which have become so apparent during the last few years underscore our Government's call for tax reform measures which will restore balance and fairness to taxation for Canadians. Our taxation and income support system must ensure that the burden of economic and fiscal adjustments are borne fairly by all Canadians rather than falling most harshly on the poor, on single women, on children and on the elderly.

For these reasons, the Government of Manitoba welcomed the release of the Child and Elderly Benefits Consultation Paper under the authority of the Honourable Jake Epp, Minister of National Health and Welfare, in January, 1985.

While the federal document addresses areas of concern to Manitoba -- the adequacy of child and elderly benefits, the distribution of benefits and the distribution of the tax burdens to finance these benefits -- we are concerned that the perspective of the Paper is much too narrow. Specifically, the analysis, options and recommendations of the Paper are confined to a few programs within the existing parameters and funding of the Social Affairs envelope:

> "No further expenditures additional to those already budgetted will be undertaken in 1985-86, on programs to provide social benefits, except where these can be funded by reallocating resources already committed for programs in the social field."

As a result of these artificial restrictions on the discussion, significant issues integral to the concerns raised in the Consultation Paper have not been addressed:

i) The services (as opposed to income support) needs of families and elderly Canadians, access to meaningful employment, affordable housing, quality health care, education, day care, refuge from family abuse, etc., are ignored.

ii) The relationships of family and elderly income transfers to other components of the assistance and taxation systems -- both federal and provincial -- have not been explored.

It is widely recognized that the present array of income and means tested programs, including the personal income tax, are inter-related in complex ways, often with highly questionable results. The analysis of reform options must consider issues such as the combined tax and benefit phase-out rates, the "stigmatizing" of beneficiaries, intrusions in beneficiaries' personal affairs, and administrative efficiency.

iii) The relationship of reform options to other elements of the Federal Government's economic and fiscal policies cannot be ignored. The fairness and effectiveness of changes to the child and elderly benefit systems cannot

be evaluated in isolation from the fiscal and economic impacts of the Federal Government's taxation, regional spending and economic development activities. We believe it is false to present social programming and economic initiatives as mutually exclusive, "either-or" propositions.

The position of the Manitoba Government in this regard was recently summarized as follows:

"Social development and economic development must go hand in hand.

"Although it is certainly true that we cannot have social development without economic development, the converse is equally true. This point is...absolutely fundmental to our whole approach...

"In the Government of Manitoba, we see the maintenance of quality social services as a vital part of our economic policy."

Nevertheless, the document provides a much needed starting point to embark on a critical and comprehensive review of tax and transfer programs.

Principles for Reform

The Government of Manitoba supports the three guiding principles affirmed by the federal government at the outset of its Consultation Paper:

i) Universality: We believe most benefits available under national social programs should be available to all Canadians, regardless of income, and should be taxable in the ordinary way just like any other income. Family Allowance and Old Age Security benefits are cornerstones of the social contract between government and its citizens. We also believe that to impose special taxes on such income is nothing more than a way to undermine the principle of universality in a covert fashion. Why should Family Allowance or Old Age Pensions be singled out for higher tax rates when other forms of income, bequests, capital gains, investment and other income sources are excluded or taxed at less than normal rates?

ii) No means test: We agree with the Government of Canada that means tests are stigmatizing, intrusive and

arbitrary. These tests are typically harsh measures which induce many people who have fallen into unfortunate circumstances to take measures which are either humiliating, dishonest, or both.

iii) Savings not applied to reducing the deficit: We endorse the view of the Government of Canada that restructuring social program benefits should not be seen as a device to reduce the deficit.

While encouraged by the federal commitment to these principles, there are further principles which the Government of Manitoba believes Canadians also want to uphold in any reform process.

iv) Burdens should be shared fairly: The Consultation Paper and the Parliamentary Committee Report arbitrarily rule that all increases in child benefits for families with low imcomes must be financed within the current three tax-transfer programs. Any increases will be paid for by losses on the part of moderate and higher income families with children.

The Government of Manitoba supports the improvement of benefits for lower income families with children, but we believe the costs of this improvement should be shared by all Canadians, including those who do not have children, according to their ability to pay. This can most effectively be addressed through comprehensive and meaningful reforms of the tax system.

Similarly, if benefits for the elderly are to be reviewed, this should not be confined merely to reshuffling benefits among those over 65. If lower income elderly are to have an improved income, we believe Canadians of all ages are willing to bear a share of that cost according to our ability to pay.

v) Services as well as income are important to families with children and the elderly: The federal government has confined its consultation to a narrow array of benefits. The position that only these benefits can be considered ignores the importance of other public services. Meaningful reform can, and should, address in other ways the extra burdens borne by all parents, including measures such as:

- a National Day Care Act as proposed by Manitoba (see Appendix B);

- cost-sharing more responsive to disabled children and to prevention of family breakdown;

- initiatives to assist provinces in dealing with the growing national crisis of child abuse and battered women;

- better federal-provincial housing programs to assist the elderly and others to afford and maintain reasonable housing in their community; and

- better social services to help the elderly live in their own homes.

The Government of Manitoba believes this extended list of five principles would enjoy the support of Canadians. From a consensus among Canadians can emerge the framework for a fair reform of tax and transfer child and elderly benefits. Our proposals to this end are detailed in the following pages.

II. FAIR CHILD BENEFITS

1. Federal Proposals

The federal government has formulated two specific options for consideration:

> Option A proposes eliminating the Child Tax Exemption, and increasing the Child Tax Credit by over 60%, while lowering the associated family income thresholds. The Manitoba Government cannot support this option because Canadian families with modest and below average incomes (between $20,000 and $30,000) will lose benefits and experience increased effective tax rates.
>
> Option B proposes reducing the Child Tax Exemption by 2/3, reducing Family Allowance by over 1/3, and increasing the Child Tax Credit by 2/3. Manitoba cannot support this option primarily because the reduction in Family Allowance erodes the key universal program which should remain the cornerstone of the child benefit system.

The flaws in each option make both unappealing, but they are the inevitable consequences of the self-imposed limitations adopted in the federal Paper's approach. The option proposed by the Parliamentary Committee shares the same flaws for, generally, the same reasons.

2. Widening the Discussion: Principles and Directions

Reform of the child benefit system requires the acceptance of a more comprehensive approach:

i) Taxation related measures must not be confined to the Child Tax Exemption or Child Tax Credit but must involve the complete Personal and Corporate Income Tax system.

ii) Fairness to families must be preserved and the special costs of raising children should be recognized for all families. A difference should remain between high income earners without children and high income earners with children.

iii) Progressivity must be respected; lower income families should receive and retain higher net benefits than higher income families. Benefits should be gradually

lessened for families with greater income. Burdens should be shared according to ability to pay, by those without children as well as by families who have children.

iv) Analysis and reforms of other social benefits available to families with children should be undertaken concurrently.

3. Program Elements

Accordingly, the Government of Manitoba favours the following elements in reforming the child benefit system in Canada:

i) Increase Family Allowance Payments

This initiative would affirm the federal commitment to universal programs and correct past governments' attempts to erode universality. A significant increase in family allowances would also have a number of additional advantages.

- it would recognize the additional costs of children for families at all incomes;
- it would enrich the monthly payments to poor families who need money immediately;
- it would avoid the high benefit "tax-back" rates and "poverty-traps" inherent in more selective approaches;
- it would avoid the stigma often associated with programs specific to "poor" or "needy" families; and
- it is simple and inexpensive to administer.

ii) Eliminate or Reduce the Child Tax Exemption

This action would improve the progressivity of the benefit system and eliminate major regressive benefits to higher income families. However, removing this exemption should be considered within the context of a general base-broadening reform of income taxation.

iii) Increase the Amount and Range of the Child Tax Credit

The amount of the Child Tax Credit could be increased to help ensure that average income Canadian families do

not experience any decreases in benefits. The income threshold for the maximum Child Tax Credit should not be reduced and the phase-out rate above the threshold should not be increased.

iv) Improve public services

- a National Day Care Act along the lines suggested by the Manitoba Government to develop quality day care for all children and families who need it;

- national leadership to assist in the fight against the Canadian crisis of family violence;

- more flexible administration of the Canada Assistance Plan to share services to disabled children, battered women and others without a demeaning needs test.

III. FAIR ELDERLY BENEFITS

1. Federal Proposals

The Government of Manitoba is disappointed that the federal government chose not to make specific proposals for improving the benefits available to senior citizens. The Consultation Paper does, however, endorse two principles:

> Universality: Most importantly, the principle of universal Old Age Security benefits is not to be compromised, nor subject -- for good reasons -- to any special tax.
>
> Adequacy: Adequacy of income in retirement is to continue to be acknowledged through the income-tested Guaranteed Income Supplement.

On these matters, Manitoba offers its general support. Over the longer term, the Manitoba Government feels that the policy emphasis should favour the universal over the more selective components of the income support system for the elderly. We cannot, however, support the postponement of a review of the programs delivered to the elderly. The rapid ageing of our population requires that ensuring adequate and efficient income and service support for the elderly be placed now on the agenda for change.

2. Manitoba's Proposals

> Public Services: It is not sufficient only to address the incomes of the elderly. The ageing of our population has already placed stress on the ability of our social and health systems to provide for their support. Efforts must now be made to undertake the investment in housing, health care, social and recreational services necessary to assure a secure and healthy retirement for the increasing proportion of our population over the age of 65. This is clearly a national issue which should be addressed firmly by both levels of government acting together.
>
> Pension Reform: Recognition of the importance of treating pensions as deferred earnings, and as a family asset are central to our own program initiatives. The Manitoba Government supports immediate improvements to Canada Pension Plan benefits. Protection of the income position of the elderly afforded by pension

accessibility, vesting and portability are, however, issues that ultimately require a national forum and cannot be addressed fully by each province acting alone.

IV. TAX REFORM

The most important element of Manitoba's approach to improving child and elderly benefits is the recognition that substantial tax reform is necessary to finance this initiative and to ensure a fair sharing of increased costs. The Family Allowance payments and Child Tax Credits cannot and should not be financed solely out of reductions in the Child Exemption.

It has been estimated that the cost of tax loopholes in the personal inome tax system was over $20 billion in 1981. Corporations enjoy further loopholes and allowances and, indeed, have benefitted from considerable expansion in these tax expenditures in the past decade. Tax expenditures have grown much more rapidly than the economy. The Auditor-General of Canada estimates that federal government foregoes as much as $50 billion in revenue each year because of incentives and preferences in the federal tax system. These levels are four times those of child and elderly benefits, in their entirety. Improvements in these benefits can thus be financed even by modest reforms which redress the erosion which has occurred over the last several decades.

In this regard, it is worth recalling the statement made in the Final Report of the Royal Commission on Taxation established by the Hon. John Diefenbaker and chaired by Mr. Kenneth Carter:

> "The first and most essential purpose of taxation is to share the burden on the state fairly among all individuals and families. Unless the allocation of the burden is generally accepted as fair, the social and political fabric of a country is weakened and can be destroyed."

It is a fundamental tenet of the Manitoba Government that the progress that has been achieved in assuring Canadians a minimum standard of living must not be sacrificed especially during these times of severe fiscal pressures. Fiscal measures may be required, but they need not and should not be introduced at the expense of ordinary Canadians. Manitoba believes that benefits to children and the elderly can be enhanced through tax changes that preserve the incomes of middle income Canadians.

Expanding the tax base by widening the definition of taxable income, and reducing tax expenditures can meet the twin objectives of equity and progressivity. Increases in revenue might even be sufficient to allow a reduction in the general rates of taxation for the average taxpayer.

V. TAX "WINDFALLS" TO PROVINCES

The reduction in the Child Tax Exemption could result in increases in provincial tax revenue. It has been suggested by some that the provinces might "return" these funds to the federal government so that they can be added to federal child and elderly benefits. This kind of reasoning can only be sustained within the self-imposed limitations of the federal Paper's analysis.

First, it should be noted that every change in the income tax base, exemptions, deductions, preferences and loopholes affects provincial revenue. Over the last several years, the unilateral introduction of preferences and loopholes by the federal government has led to a very substantial decrease in revenue in provinces relying on the federal tax collection system. Income tax revenues have failed to respond adequately when incomes rise. The federal government has never offered to "return" the funds lost to the provinces by the unilateral introduction of its tax preferences. In this light, our Government was disappointed to see this obsession with potential provincial "windfalls" re-emerge under the new federal government.

If Manitoba is to preserve its ability to offer public services, any such return of tax gains must work both ways, and not only be applied in the case where provinces' revenue increases. In fact, it has been our experience that promised provincial revenue increases have seldom actually materialized. Other adjustments not as readily visible to the public; in federal transfer payments to provinces, federal program cutbacks, etc., have usually more than offset any revenue gains from tax changes.

Nevertheless, the Government of Manitoba is willing to commit itself to dedicating any actual net revenue gains arising from federal decisions in this area to improvements in provincial programs for families with children. These could include, for example, day care, programs for handicapped children, social assistance, preventive services and the Child Related Income Support Program.

In the same spirit, we would ask for a federal commitment not to propose cuts in federal cost-sharing. Such initiatives would undermine the social programs the cost-sharing is supporting: be it health, social services or education. By the same token, the federal government should be prepared to provide adequate equalization support, which is vital to the provision of public services in the poorest provinces. Provinces like Manitoba with demonstrably increasing needs, cannot and should not be expected to absorb equalization cuts.

VI. SUMMARY AND CONCLUSIONS

The Manitoba Government is encouraged by the opportunity, which has been created by the release of the federal government's Consultation Paper, to address reform of the tax and transfer system for child and elderly benefits. We believe that such reforms can be achieved best when:

- tax reform is made central to the agenda for change;

- comprehensive solutions are undertaken including substantial improvements in income benefits and public services; and

- governments address the full dimensions of the deterioration in standards of living of many lower income Canadians over the past few years and the parallel rise in relative standards of higher income Canadians;

With these principles as a guide, we believe that meaningful and equitable reforms, which are so urgently required, can be achieved in the coming months.

APPENDIX A

SUMMARY OF MAJOR INCOME TAX ACT INCENTIVES AND PREFERENCES 1972-84

February, 1985

1972

- Introduction of two-year write-off for installation of water and air pollution control devices.
- Manufacturing and Processing Corporate Income Tax rate reduced to 40%, small business Manufacturing and Processing rate reduced from 25% to 20%.
- Fast write-off for manufacturing and processing equipment introduced.

1973

- Indexing of personal exemptions and rates introduced, to take effect in 1974.

1974

- Indefinite extension of two-year write-off for new machinery and equipment in manufacturing and processing.
- Registered Home Ownership Saving Plan introduced.
- Interest Income Deduction (Maximum $1,000) introduced.
- Annual limit for small business corporate income tax rate increased from $50,000 to $100,000 and cumulative earnings limit increased from $400,000 to $500,000.
- Deduction of spousal RRSP contributions introduced.
- 100% write-off for petroleum and mineral exploration introduced.
- Multi-Unit Residential Building provisions introduced.
- Interest Income Deduction broadened to include Canadian dividend income.

1975

- 100% write-off for certified Canadian feature films introduced.

- Five per cent investment tax credit for investment in new buildings or machinery and equipment in manufacturing and processing industry and certain resource sectors introduced.

1976

- Two-year fast write-off introduced in energy-conserving equipment; removal of federal sales tax from same.
- Accelerated write-offs introduced for computer hardware and software.
- Annual limit for small business corporate income tax rate increased from $100,000 to $150,000 and cumulative deduction limit increased from $500,000 to $750,000.
- Registered Retirement Savings Plan maximum deduction raised from $2,500 to $3,500 and from $4,000 to $5,500 for persons not belonging to pension plan.

1977

- Investment Tax Credit broadened to include expenditures on scientific research. Basic rate remains at 5%. Credit rate increased to 7 1/2% for Saskatchewan, Manitoba, Northern Ontario and other designated areas; increased to 10% for Atlantic Provinces and Gaspe region.
- Additional earned depletion entitlement of 66 2/3% introduced on frontier and offshore drilling funds.
- Deduction of 3% of opening value of inventories introduced for businesses.
- Annual capital loss deduction allowable increased from $1,000 to $2,000.

1978

- Investment Tax Credit extended indefinitely. Basic rate increased from 5% to 7%, regional preferential rates increased from 7 1/2% to 10%, and 10% to 20%.
- Investment Tax Credit Basic rate for Research and Development increased from 5% to 10%; preferential rates for Atlantic Canada and the Gaspe increased from 10% to 25% for small businesses.
- Annual write-off rate for development expenditures in mining increased from 30% to 100%.

- Two-year write-off for pollution control equipment extended indefinitely.

- Drilling Fund provisions extended to end of 1981.

- Multi-Unit Residential Building tax shelter extended one year.

- Employment Tax Credit introduced.

- Additional 50% deduction of amount by which annual expenditures on Scientific Research exceed average of previous three-year period.

1980 - Provision allowing write-off of exploration expenses by individuals and non-resource corporations extended indefinitely.

- Small business development bond provision introduced for one year.

- Additional capital cost allowances provided for railways.

- Multi-Unit Residential Building provisions reintroduced.

- Investment Tax Credit of 50% introduced for designated high-unemployment areas.

1981 - Marginal tax rates for higher income individuals reduced.

- Small business development bond provisions extended one year.

- Annual limit for small business corporate income tax rate increased from $150,000 to $200,000 and small business cumulative deduction account increased from $750,000 to $1 million.

1982 - Canadians investing funds in the form of common shares in Canadian corporations to be taxed on income after inflation has been netted out.

- Small business development bond assistance extended to December 31, 1983.

1983 - Registered Home Ownership Savings Plan temporarily modified to allow for "top-up" of annual contributions where below lifetime maximum.

- Extended time for carry-forward/back of business and capital losses introduced.
- "Special recovery" refundable tax credit introduced.
- "Special recovery" share-purchase tax credit introduced.
- Investment Tax Credit extended to heavy construction.
- R and D tax credits enhanced from 10% to 20% with small businesses eligible for credit of 35% of R and D expenses.
- Scientific Research tax credit allowed to flow-through to investors ("Quick-flip" provisions).
- Incremental oil revenue tax suspended for one year.
- Flow-through deduction of earned depletion for mining exploration to individual investors introduced.

1984

- Small Business corporate tax rate extended to any Canadian-controlled private corporation.
- Tax rate for professionals and certain service corporations reduced from 33 1/3% to 25%.
- Suspension of Incremental Oil Revenue Tax extended.

APPENDIX B

TOWARDS A NATIONAL DAY CARE PROGRAM

THE CANADA DAY CARE AND FAMILY SUPPORT SERVICES ACT

WORKING DRAFT

GOVERNMENT OF MANITOBA

MURIEL SMITH

MINISTER OF COMMUNITY SERVICES

NOVEMBER 1984

THE CANADA DAY CARE AND FAMILY SUPPORT SERVICES ACT

1. GENERAL PRINCIPLES

WHEREAS the Parliament of Canada acknowledges that families are the essential component in the social fabric of Canadian society;

AND WHEREAS many Canadian parents require community services to assist in maintaining and strengthenng their families;

AND WHEREAS Canadian parents of young children are increasingly exercising the opportunity to continue their employment or education while their children are young;

AND WHEREAS day care has become an important support service for Canadian families to assist parents in providing for the well-being, health, and developmental needs of their young children;

AND WHEREAS many Canadian families also require support services to ensure that their children have equal access to developmental opportunities both within and outside of the family unit;

AND WHEREAS the Parliament of Canada wishes to encourage provinces to develop sufficient, high quality day care and family services;

Now, therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts an Act relating to contributions by Canada in respect of day care and family support services provided under provincial statutes, as follows:

2. DEFINITIONS

"Day care" means any service provided by a provincial government, municipal government, or authorized agency, such as a parent co-operative or non-profit community group, as specified in this Act and regulation which provides care and supervision for children apart from their parents, but does not include education, child welfare, or health care services provided under provincial law.

"Family support service" means any service which is provided by a provincial government, municipal government, or authorized agency as specified in this Act and regulations, to families with children with the intent of supporting the ability of families to provide for the developmental and social needs of their children, and may include respite care, nursery schools, parent support

groups, home visitors and homemakers, toy lending services, or other similar services, but not including education, child welfare, or health care services as provided for under provincial law.

3. PURPOSE OF THE ACT

The purpose of this Act is to encourage the development of day care and family support services and to establish the criteria and conditions that must be met before contributions from Canada may be made in respect of day care services and family support services provided under provincial law. The Governor in Council has the authority to enter into specific cost sharing agreements with provinces under the terms and criteria specified in this Act.

4. PROGRAM CRITERIA

In order for a province to qualify for Federal cost-sharing of a day care service or a family support service provided under provincial law, the service must satisfy the following criteria:

a) Public Administration: Day care services and family support services must be administered and operated on a non-profit basis by the provincial government, by a municipal government, or an authorized agency in a manner consistent with the principles established in section 1 of this Act.

b) Program Quality: Minimum standards for the licensing of any day care services or family support service must be established by the provincial government in statute or regulation which are consistent with the current research and knowledge of the most reasonable and appropriate level of services for children; and where applicable to the services provided, including standards for the minimum number of staff, the qualifications of those staff, and the maximum group sizes for children in child care, and which meet or exceed the minimum standards specified in the regulations of this Act.

c) Accessibility: Each province must establish a plan for the reasonable provision of day care services to the residents of the province which within 10 years is equal to at least 50% of the children of parents who are out of the home for education, employment, medical or rehabilitative needs, and which also provides for family support services with reasonable accessibility for any family requesting these services.

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d) Limits on User Fees: Each province must limit the amount of per diem fee charged to users of day care or family support services to a maximum of one and a half times the average hourly industrial wage in that province, and make provision for the subsidization of this fee on behalf of families with low incomes so that there will be no fee for any family with less than one-half the average industrial wage as established in the regulations under this Act.

e) Appeals: The province must establish and maintain an effective procedure for appeals from decisions of provincially authorized agencies by persons directly affected by these decisions with respect to the granting or providing for day care or family support services, subsidies or the quality of these services.

f) Residence: The province must not require a period of residence in the province as a condition of eligibility for day care or family support services.

5. CASH CONTRIBUTIONS FROM CANADA

Provinces which establish and adminster services which are within the criteria outlined in section 4 will be reimbursed the greater of:

a) 50% of provincial or municipal expenditures for all day care or family support services which meet the criteria in section 4; OR

b) a ratio of the per capita national product divided by the per capita provincial product, as determined by the Minister of Health & Welfare, times 50% of provincial or municipal expenditures for all day care and family support services which meet the criteria in section 4, but in no case exceeding 90%.

6. CANADA DAY CARE RESOURCES DEVELOPMENT FUND

A Canada day care resources development fund is hereby established. A total of $20 per capita is allocated by the fund in each province for capital costs of developing, renovating or otherwise ensuring the availability of high quality, accessible day care facilities. The fund is to be used over the ten year period following proclamation of this Act.

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7. CANADA DAY CARE AND FAMILY SERVICES RESEARCH AND EVALUATION FUNDS

A Canada day care and family services research and evaluation fund is hereby established. A total of $2 per capita in each province is allocated by the fund for research and evaluation of day care and family services and related areas. The fund is to be used over the ten year period following proclamation of this Act.

8. ADVISORY COUNCILS

There shall be a National Advisory Council and provincial advisory councils which shall provide advice to ministers on general issues affecting day care and family support services, including standards, professional issues, funding, and such other issues that may from time to time arise.

9. CONDITIONS FOR CONTRIBUTIONS

To receive the contributions authorized by this Act, the government of a province must provide the Government of Canada with such information as it may reasonably request, and must give appropriate recognition to the contributions made by Canada to the services administered by the province.

10. FEDERAL-PROVINCIAL REVIEW

During the third calendar year following the proclamation of this Act, the Act shall be reviewed jointly by the Government of Canada and the governments of the provinces which are receiving contributions pursuant to section 5.

11. REPEAL

Sections of the Ganada Assistance Plan which now permit the limited cost sharing of day care and family support services are repealed upon the proclamation of this Act.

12. EFFECTIVE DATE

This Act shall take effect January 1, 1986.